basis. There is every reason to believe that this movement will result in success. It will mean direct contact of the heart beats of one nation with those of another and not the passing of thoughts through the medium of those who might be indifferent or have a sinister motive toward the sender or receiver. It will undoubtedly cause a reduction in the cost of messages, and where your papers and ours have carried stories about the doings of each other once a week or so we will be in daily touch.

I have since been asked who would police the committing of the offenses. The answer is the same as in our domestic business—by the competitor. Is there not every reason to believe that under the inspiration of the respective National Trade Commissions the industries in each nation would write their own "trade practice submittal list" of unfair practices just as they are doing in this country.

I have also been asked if some of the larger nations would not intervene in behalf of one of their citizens where complaint was made by a citizen of a smaller nation. This, I think, is inconceivable, for the publicity of the proceedings, if nothing else, would prevent it.

It has been pointed out that such a plan depends too much on the trust in the altruism of human beings in the mass. Has there not already been an "International Union for the Protection of Industrial Property," to which three of the Latin American countries and the United States are signatories? Article 10 of this agreement says: "All the contracting countries agree to assure to the members of the Union an effective protection against unfair competition."

Is there not inspiration to be gained from the Convention for Pan-American trade-mark protection—a measure adopted at the Fourth Pan-American Conference at Buenos Aires in 1910? It provided for the establishment of two international trade-mark registration bureaus—one comprising eleven republics of the North and Central Americas and the West Indies, with a bureau at Havana, and the other ten republics of the continent of South America, with a bureau at Rio de Janeiro. This trade relationship was conceived for the purpose of extending to merchants and manufacturers of the countries comprising the Pan-American Union a trade-mark protection through international bureaus. Through them all records are to be entered officially and will be exchanged for the mutual co-operation and protection of industrial and commercial property.

INTERNATIONAL CAUSES AND REMEDIES FOR HIGH PRICES

By OBED CALVIN BILLMAN

Among existing causes of popular and world-wide discontent, none is more prominent than the prevalent high cost of living, now so manifest in the form of high and constantly advancing prices. This upward movement of prices will continue, and consequently this discontent and social unrest is destined to grow in force and fury, unless the situation is carefully analyzed and properly dealt with. That the advance in prices is general the world over, and therefore not alone chargeable to trusts, middlemen's associations, profiteering, or other local conditions, is evident from consular and other reliable reports from abroad.

Prices are affected by the rapidity with which money circulates. They are affected by the use of supplementary devices, such as bank checks. They are affected by competition and the per capita production of the soil. They are affected by faith, hope, and charity in the realms of speculation and enterprise; but mastering all these factors of prices are the actual amount of gold coin and bullion in sight and the amount in annual output of the mines.

It is believed that for reasons herein indicated the leading nations of the world should be drawn together in conference for the careful consideration and establishment of a stable international standard of value and other appropriate remedies for restoring and maintaining a proper equilibrium in all international relations.

The primary causes of the increasing cost of living, the logical remedies therefor, and the proper methods of applying these remedies are outlined on the opposite page.

The Master Cause, the Increasing Production of Gold

The primary or master cause of the high and *increasing cost of living throughout the world* is the depreciating purchase power of money through the world's enormous and constantly increasing production of gold. In 1900 the world's production was $254,556,000. In 1916, $457,006,045, or almost double what it was in 1900.

The weight of the gold dollar remains unchanged, but its value, or purchasing power, does not. It is generally recognized that as the production of gold increased the value of gold must necessarily decrease; but as gold is the standard of value, its depreciation is displayed in its decreasing purchasing power, or, in other words, in a constant appreciation of the things which the standard coins will buy. During the last fifteen years, although the gold dollar has remained the same in size, its purchasing power has fallen during this period to perhaps two-thirds of its former purchasing value. This depreciation in the value of the respective standards of value, or this shrinkage in what Prof. Irving Fisher, of Yale University, terms the "monetary yardstick," has injured all those who have received a fixed number of dollars, such as wage-earners, salaried men, savings-bank depositors, and the like.

As a remedy, reference is here made and indorsement given to Professor Fisher's plan for an "international standard of value," to be fixed and regulated by an international monetary commission. As a method of carrying the proposed remedy into effect, I cannot do better than to quote the words of Professor Fisher relative to his plan:

	Causes.	Remedies.	Methods.
The high and increasing cost of living.	(*a*) The enormous and constantlv increasing production of gold, resulting in a "gold standard" of depreciating purchasing power—*i. e.*, a constant appreciation of the price of things which the standard coins will buy.	An international standard of value—*i. e.*, a "stable monetary yardstick."	By the nations of the world getting together and gradually increasing the amount of gold which the standard coins *represent*, thereby doing away with the constant depreciation of the purchasing power of these coins, and *vice versa* if reverse conditions demand.
		Increase of wages (a doubtful remedy).	Industrial warfare—*i. e.*, strikes and Labor legislation—*i. e.*, old-age pensions, minimum wage laws, industrial insurance, conciliation boards, etc.
	(a^2) Monetary inflation. (1) Expanding credits in use of "token" or "paper money;;' banking credits in the form of deposits subject to check. (2) Concentration of population in cities, facilitating the more rapid utilization of "token money," checks, etc.	Monetary reform	A return to basic or hard money.
		Banking reform	Currency reform, guaranty of deposits, etc.
	(*b*) The breaking down of competition.	Trust regulation	Dissolution, government control, tariff revision downward on trust-controlled commodities. Patent law revision.
		Control of middlemen	Abolition of middlemen's agreements. Co-operation.
	(*c*) The declining per capita production of the soil.	Increased available acreage	Reclamation—*i. e.*, irrigation and drainage projects. Conservation—*i. e.*, Federal and State preservation of vast territories.
		Increasing production per acre	Scientific and intensive farming—*i. e.*, reclamation, fertilization and conservation of the soil. Vocational education, farm financing.

"My own plan virtually amounts to restoring the seigniorage on gold, that seigniorage to be annually readjusted according to the statistics or index number of the price level. This plan would tend to restrain the coinage of gold through the mints. It would not destroy the gold standard, but merely stabilize it. Gold bullion would still be the ultimate concrete basis of every dollar; but instead of the bullion being fixed, and varying in purchasing power, it would be fixed in purchasing power and varying in weight. The plan would not be subjected to the danger of political manipulation, which has been the weak point of most proposals for producing a monetary stability. It would work as automatically as the mint works."

Monetary Inflation

Closely allied with the first-mentioned cause of the increasing cost of living, and in fact a mere species or result of it, is monetary inflation. The precise extent to which these new supplies of gold, entering for the most part the bank reserves of the principal financial centers, and thus becoming the basis of credit, have affected prices cannot be definitely determined, as the influence is an intangible one, but it is generally conceded to be one of the universal factors. There can be no doubt, however, that in place of the former fear of the scarcity of gold, such a redundancy has arisen that swollen bank reserves have stimulated loans at a low rate, manufacturing plants have been extended, and the prices of commodities have advanced with a rapidity which has lessened the purchasing power of wages and has brought the world under a true "cross of gold." Furthermore, statistics show that during the last ten years in this country there has been a very great and unusual increase in the amount of business transacted by check. In fact, in large cities bank checks perform from 90 per cent to 95 per cent of the transactions and settlements of business. Furthermore, the concentration of the population in cities has facilitated the rapid utilization of such forms of "token money."

The financial stringency occasioned in this country upon the breaking out of the war in Europe serves to exemplify the above. At the beginning of the last week

in July, 1914, the business world was moving along as usual. By the end of the week the great war of Europe had demolished all the vast machinery of credit and exchange by which modern business is transacted. The headlong effort everywhere was to convert paper into gold and far-off credits into credits at home. The former period of financial inflation and seeming prosperity was being replaced by a period of liquidation—a return to basic or hard money—and gold is the unit of ultimate redemption.

In an article contributed to *The Financier* (February 17, 1917), Professor Fisher tells us that by April, 1918, prices in Russia had risen since the commencement of the war 165 per cent; in Germany, 111 per cent; in France, 87 per cent; in England, 66 per cent, and even in neutral Sweden 46 per cent. The price level in the United States had at that time risen only 19 per cent, but it is now (February 17, 1917) 40 per cent more than before the war.

To the question of what was primarily responsible for the sudden uprising of prices during such time, he says:

"I would reply that the chief causes, both abroad and at home, are (1) growing scarcity of goods, and (2) growing abundance of money. Apparently, the more important of these is, even in Europe, the growing abundance of money. To put it in a nutshell, the whole world is now suffering acutely from war-inflation. In belligerent countries this inflation has been chiefly in the form of paper-money issues, while in neutral countries it has been chiefly in the form of gold imports. The gold flowing to neutral countries like Sweden and the United States is gold displaced by paper money in belligerent countries and attracted to neutrals. . . .

"At the close of war there will undoubtedly be a great revival of interest in the problem of money and monetary standards. This will be due to the paper-money predicaments abroad and the gold predicament here."

The fact that the United States later entered into this great World War did not, as experience and further rising prices prove, change the conditions and factors herein referred to. In fact, it is another aggravating factor or cause in advancing prices.

Two primary remedies have been proposed in connection with the subject of monetary inflation, to wit: (1) Monetary reform, and (2) banking reform. Briefly stated, the first reform may be carried out through a return to basic or hard money, etc., and the second through currency reform, guaranty of deposits, etc.

As the increase of wages has not kept pace with the constantly depreciating purchasing power of money, or, in other words, with the constant appreciation of price of the things which the standard coins will buy, it has been proposed to offset this appreciation in the prices of commodities through an increase of wages. Two primary methods of securing the desired increase of wages are recognized, to wit: (1) Industrial warfare, or, in other words, strikes, such as have typified past policies of labor organizations, or (2) labor legislation in the form of old-age pensions, minimum wage laws, industrial insurance, conciliation boards, etc.

The Breaking Down of Competition

The second great cause of the increasing cost of living is the breaking down of competition. Two primary remedies have been proposed: (1) Trust regulation, and (2) control of middlemen. As a means of regulating the trusts, a number of remedies have been proposed. One is to dissolve them and re-establish competition, and the other is to reorganize them and put them under government control. A method which might at least curb the great growth of certain trusts would be tariff revision downward on trust-controlled commodities. Still other reformers propose to revise the patent laws.

Another remedy for restoring competition is the control of middlemen, who have in many cases done away with formerly existing competition. This practice of agreements between middlemen has been particularly manifest since the breaking out of the war, and has been particularly noted since the cessation of hostilities; but little has been done to break it up or even discourage it. One method proposed in this connection is the supervision of middlemen's associations, while others propose the abolition of all price agreements. Another method is for the people themselves to furnish competition with the middlemen by means of co-operation among themselves. The new parcels-post law opens up an excellent avenue in this connection.

The Declining Per Capita Production of the Soil

The third great cause of the high and increasing cost of living is the declining per capita production of the soil. The tendency of the people in modern times is to abandon rural communities and aggregate in large cities and devote themselves to manufacturing, commercial, and distributing occupations rather than to rural agricultural and farming development. The result is that there are proportionately fewer people raising the necessities of life. Between 1890 and 1910 the average number of wage-earners in manufacturing pursuits in the United States increased 55 per cent, while those engaged in agriculture increased 40 per cent. The remedies proposed are increased available acreage—and this may be carried out through reclamation and conservation—and last, but by no means least, increased production through scientific and intensive farming.

From the foregoing it is clear that a stable international standard of value must be adopted, together with such uniform currency laws and banking systems as are best calculated to prevent monetary inflation and the attendant and inevitable recurrence of money panics and financial disturbances. Competition should be restored through trust regulation and the control of middlemen, and the per capita production of the soil still further encouraged and extended by reclamation, conservation, vocational education, farm financing, and other effective methods.

THE LEAGUE, THE SENATE, AND THE PRESIDENT

Negotiations Continue—Lord Grey's Letter

In our last issue the story of the negotiations in the Senate was brought down to January 23. They continued with inconsequential results for some time, and with a final understanding on the part of the Democrats that the subject would be brought back for open debate on February 10, if